



International Paper Leasing Corporation

220 EAST 42ND ST., NEW YORK, N.Y. 10017, PHONE 212 490-6107

KEVIN B. COYNE
Vice President

10685-4
RECORDATION NO. 10685 Filed 1425

JUL 31 1979 - 11 15 AM
INTERSTATE COMMERCE COMMISSION

10685
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JUL 31 1979 - 11 15 AM
9-212A020
INTERSTATE COMMERCE COMMISSION

JUL 31 1979
Date
Fee \$ 50.00
ICC Washington

Interstate Commerce Commission
Washington, D.C.

Gentlemen:

Enclosed please find three counterparts of a lease between International Paper Leasing Corporation, 220 East 42nd Street, New York, N.Y. 10017, as Owner and Lessor and the Longview, Portland and Northern Railway Company, 465 Industrial Way, Post Office Box 579, Longview, Washington 98632, as Lessee covering one-hundred (100) 70-ton, 52' 8" Single Sheath Box Cars with 16' Double Sliding Doors, 70-ton Standard Snubbed Type Trucks of Grade "B" Cast Steel with 3-11/16" Spring Travel, Roller Bearings and One-Wear Steel Wheels (the "Cars") together with three counterparts of an Assignment of Lease, transferring to IPCC Transportation Services, Inc., all of the right, title and interest of International Paper Leasing Corporation to the forementioned lease.

These Cars carry LP & N identification markings, LPN 52000 to LPN 52099 both numbers inclusive.

The statutory fee for service is enclosed.

If additional information is required for proper registry, please contact the undersigned or Mr. Allen H. Harrison, Jr., Esq., Wilmer, Cutler & Pickering, 1666 K Street N.W., Washington, D.C. 20006.

Very truly yours,

Kevin B. Coyne
Vice President

KBC:jam

Enclosure

FEE OPERATION BR.
I.C.C.

JUL 31 11 01 AM '79

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Chandler

Interstate Commerce Commission
Washington, D.C. 20423

7/31/79

OFFICE OF THE SECRETARY

Kevin B. Coyne
Vice President
Internation Paper Leasing Corp.
220 East 42nd. St.
New York, N.Y. 10017

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/31/79 at 11:15am, and assigned re-recording number(s). 10685 & 10685-A

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

INTERNATIONAL PAPER LEASING CORPORATION
LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this first day of December, 1978 between International Paper Leasing Corporation, a Delaware corporation, 220 East 42nd Street, New York, New York 10017 ("IPLC"), as Lessor, and LONGVIEW, PORTLAND & NORTHERN RAILWAY COMPANY, a WASHINGTON corporation, Post Office Box 579 Longview, Washington ("Lessee"), as Lessee.

RECORDATION NO. 10885
Filed 1425
JUL 31 1979 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

1. Scope of Agreement

A. IPLC agrees to lease to Lessee, and Lessee agrees to lease from IPLC, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars".

B. It is the intent of the parties to this Agreement that IPLC shall at all times be and remain the Lessor and owner of the Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The term of lease with respect to all of the Cars described on each Schedule shall be for twenty (20) years (the "initial lease term") commencing upon the date when all Cars on such Schedules have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "extended lease term") with respect to all of the Cars described on each Schedule, provided, however, that IPLC or Lessee may terminate this Agreement as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. Lessor will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to IPLC that the sample Car which has been made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the Cars agreed to by Lessee. Upon such confirmation by Lessee and IPLC's determination that the Car conforms to the specifications ordered by IPLC and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, IPLC will accept delivery thereof at the

manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by IPLC. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by IPLC as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, IPLC can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, Lessee agrees to pay to IPLC the rent set forth in this Agreement. To move the Cars to Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car on the railroad line of Lessee (the "initial loading"), IPLC agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and IPLC, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee agrees that so long as it shall have on lease any Cars, it shall not lease freight cars from any other party until it shall have received all of the Cars on the Schedule or Schedules. Once Cars have been delivered to Lessee, it shall then not lease freight cars similar to the type leased hereunder from any other party until it shall have given IPLC at least three (3) months prior written notice of its desire to lease such freight cars. Lessee shall load the Cars leased from IPLC prior to loading substantially similar freight cars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from providing transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. Lessee shall use its best efforts to provide or cause to be provided trackage for storage of Terminated Cars without charge.

C. Additional Cars may be leased from IPLC by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by IPLC and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Cars, the delivery of any Car to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to IPLC and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce utilization of all Cars on lease to Lessee to less than 87.5 percent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered

to Lessee, the term of the lease shall be deemed to have commenced - on the date the final Car of the most recent group of Cars was delivered to Lessee.

4. Railroad Markings and Record Keeping

A. IPLC and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, IPLC shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include but are not limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. IPLC shall, on behalf of Lessee, perform all record keeping functions related to the use of the Cars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as IPLC shall select.

D. All record keeping performed by IPLC hereunder and all record of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by IPLC in a form suitable for reasonable inspection by Lessee from time to time during regular IPLC business hours. Lessee shall supply IPLC with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as IPLC may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, IPLC will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee.

Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition, and shall be liable to IPLC for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to IPLC for and during the lease term of each Car all of its right, title and interest in any warranty in respect to the Cars. All claims or actions on any warranty so assigned shall be made and prosecuted by IPLC at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to IPLC.

B. Except as provided above, IPLC shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of IPLC, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by IPLC. IPLC shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee may make running repairs to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without IPLC's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without IPLC's prior written consent, Lessee shall be liable to IPLC for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with IPLC.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules--Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance. Lessee shall also maintain bodily injury and property damage liability insurance. Lessee shall furnish IPLC concurrently with the execution hereof and thereafter at intervals of not more than twelve calendar months with certificates of insurance with respect to the insurance required as aforesaid and naming IPLC as Loss Payee with respect to the Cars.

D. IPLC agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Cars to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee or taxes imposed on lease payments thereunder.

IPLC shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. IPLC and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. IPLC shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to IPLC for the use of the Cars:

I. "XM" Boxcars

(i) IPLC's share of revenues shall be based on IPLC receiving 100% of revenues up to 87.5% of equipment utilization and all of the revenues derived from mileage up to 56 miles per day. Revenues earned under this section "i" as determined by the ICC tables in effect on December 31, 1978 for hourly car hire and incentive car hire and the then current mileage rates shall hereinafter be called the Base Rate.

(ii) LP & N shall receive all revenues in excess of the Base Rate up to a sum equal to full utilization of the cars and 80 miles per day. This level as determined by the ICC tables in effect on December 31, 1978 for hourly car hire and the then current mileage rates shall hereinafter be called the Opportunity Rate.

(iii) Upon reaching the Opportunity Rate, as defined in (ii), mileage earned between 80 and 90 miles per day will be split 60% to the LP & N and 40% to IPLC and all revenues above 90 miles per day shall be for the benefit of the LP & N.

(iv) In the event the ICC tables on incentive per diem or per diem are changed, or there is any other regulatory change, and the Base Rate, as defined in (i), and the Opportunity Rate, as defined in (ii), is reached the additional revenues derived from said changes will be shared 60% to LP & N and 40% to IPLC. In the event the Base Rate is not reached due to the changes all revenues will be for the account of IPLC until the Base Rate is reached.

(v) The rental charges payable to IPLC by Lessee shall be paid from the payments received by Lessee in the following order until IPLC receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges and (4) other.

(vi) In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules--Freight and the appropriate amount due as a result thereof is received by IPLC, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

II. Flatcar Leasing

(i) All revenues derived from the use of the flatcars will be for the benefit of IPLC.

(ii) Any investment tax credit eligible through its purchase of equipment will be for the benefit of IPLC.

B. The calculations required above shall be made within five months after the end of each calendar year. However, to enable IPLC to meet its financial commitments, IPLC may, prior to such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due IPLC, IPLC shall within 60 days after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable by either party pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the utilization in such calendar quarter cannot be equal to or greater than 87.5 percent, IPLC may, at its option and upon not less than thirty (30) days' prior written notice to Lessee, terminate this Agreement as to such Cars as IPLC shall determine.

D. IPLC may, at its option, terminate this Agreement if the ICC shall, at any time (1) issue an order reducing incentive car hire payments for Cars on an annual basis to three months or less without a corresponding increase in straight car hire payments or other monies available to both IPLC and Lessee at least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Cars in order for Lessee to continue to meet its obligations set forth in this section.

E. During the term of this Agreement, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, IPLC may, at its option and upon not less than twenty-four (24) hours' prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. If any such Car remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Cars as specified in Section 3B, Lessee shall be liable for and remit to IPLC an amount equal to the payments Lessee would have earned if such Cars were in the physical possession and use of another railroad for the entire period.

F. Any cars out of service for repair and/or maintenance and not earning car hire payments for (7) consecutive days will be removed from this Agreement on the eighth (8) day for the purpose of computing car or fleet utilization and mileage until such car shall be reinstated.

G. IPLC hereby agrees to elect, in accordance with Section 48(d) of the Internal Revenue Code of 1954, as amended, to treat Lessee as having acquired the XM Boxcars for purposes of Investment Tax Credit (ITC). IPLC will indemnify the LP & N for any loss of such ITC that may occur other than for (i) a casualty occurrence, (ii) the equipment being used in a foreign country, (iii) inability to realize the ITC, (iv) any early termination of the lease, and (v) an act, omission or misrepresentation of the LP & N.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's right shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by IPLC in connection with the acquisition of Cars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations, and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either IPLC or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or any Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee or Lessor of any sum required herein to be paid by Lessee or Lessor within ten (10) days after the date any such payment is due.

(ii) The breach by Lessee or Lessor of any other term, covenant, or condition of this Agreement, which is not cured within ten (10) days of notification thereof.

(iii) Any act of insolvency by Lessee or Lessor, or the filing by Lessee or Lessor of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee or Lessor that is not dismissed with sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee or Lessor, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of the Cars to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

B. Upon the occurrence of any event of default, the non-defaulting party may, at its option, terminate this Agreement and may,

(i) Proceed by any lawful means to enforce performance by the defaulting party of this Agreement or to recover damages for a breach thereof (and such party agrees to bear costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon IPLC may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee. IPLC shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to that date.

9. Termination

At the expiration or termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to IPLC by delivering the same to IPLC. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Cars and the placing thereon of such markings as may be designated by IPLC, either, at the option of IPLC, (1) by Lessee upon return of such Cars to Lessee's railroad line, or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of

assembling, delivering, storing and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by IPLC. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by IPLC. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days' free storage on its railroad tracks for IPLC or the subsequent lessee of any terminated Car subject to the availability of space not required for the normal operation of the Lessee. If any Car is terminated pursuant to Subsection 6C, 6D, 6E or Section 8 prior to the end of its lease term, Lessee shall be liable to IPLC for all costs and expenses incurred by IPLC to place thereon the markings and name or other insignia of IPLC's subsequent lessee.

10. Indemnities

IPLC will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, unless occurring while Lessee has physical possession of Cars, and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars including loss, bodily injury or physical damage (unless occurring through fault or negligence of Lessee), including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by IPLC or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants, covenants and remakes the following at the time of and with respect to each existing and new schedule:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power and authority, and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) To the best of its knowledge and belief, there is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) To the best of its knowledge and belief, there is no fact which Lessee has not disclosed to IPLC in writing, nor is Lessee a party to any agreement or instrument nor subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lease to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased or purchased new freight cars or rebuilt freight cars.

12. Inspection

IPLC shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify IPLC of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify IPLC in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to IPLC promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of IPLC assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by IPLC in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7 and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as lessee only.

D. No failure or delay by IPLC shall constitute a waiver or otherwise affect or impair any right, power or remedy available to IPLC, work an abatement, nor shall any waiver or indulgence by IPLC or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

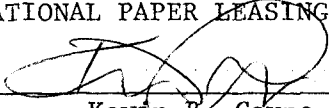
E. This Agreement shall be governed by and construed according to the laws of the State of New York.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified, registered or express mail addressed to the president of the other party at the address set forth above.

G. IPLC may assign its obligations hereunder only with the consent of Lessee, which consent shall not be unreasonably withheld.

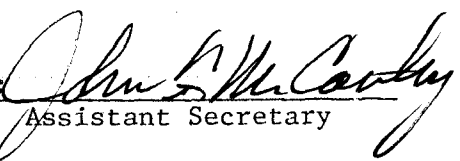
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

INTERNATIONAL PAPER LEASING CORPORATION

BY: 
Kevin B. Coyne

TITLE: Vice President

DATE: 7-23-79

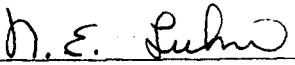
ATTEST: 
Assistant Secretary

LONGVIEW, PORTLAND & NORTHERN RAILWAY COMPANY

BY: 

TITLE: Vice President

DATE: 7-27-79

ATTEST: 
Secretary

LEASE SCHEDULE # 1

One-hundred (100) 70-ton, 52' 8" Single Sheath Box Cars with 16' Double Sliding Doors, 70-ton Standard Snubbed Type Trucks of Grade "B" Cast Steel with 3-11/16" Spring Travel, Roller Bearings, and one-Wear Steel Wheels (the "Cars").

These cars carry LP & N identification markings, LPN 52000 to LPN 52099 both numbers inclusive.

Dated as of July 6, 1979